

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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And Related Matters.	Application 17-01-018 Application 17-01-019

**COMMENTS OF THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION WITH
PROPOSED IMPROVEMENTS PURSUANT TO ADMINISTRATIVE LAW JUDGE'S RULING
ISSUING EVALUATION REPORT OF THE DEMAND RESPONSE AUCTION, NOTICING
JANUARY 16, 2019 WORKSHOP, AND DENYING MOTION TO REQUIRE AUDIT REPORTS
IN THE EVALUATION REPORT**

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January 11, 2019

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These comments are filed by the California Large Energy Consumers Association (CLECA)¹ pursuant to the Administrative Law Judge’s Ruling Issuing Evaluation Report of the Demand Response Auction, Noticing January 16, 2019 Workshop, and Denying Motion to Require Audit Reports in the Evaluation Report (Ruling), issued January 4, 2019. As directed by Administrative Law Judge Hymes, CLECA provides a one-page high-level list of proposed improvements; these improvements seek to ensure that ratepayers are getting deliverable

¹ CLECA is an organization of large, high load factor industrial customers of Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E); the members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, and mining industries. CLECA has been an active participant in Commission regulatory proceedings since 1987, and all CLECA members engage in Demand Response (DR) programs to both promote grid reliability and help mitigate the impact of the high cost of electricity in California on the competitiveness of manufacturing. CLECA members have participated in the Base Interruptible Program (BIP) and its predecessor interruptible and non-firm programs since the early 1980s. Many CLECA members have dual participated in the Demand Bidding Program; timely development of viable new alternative DR programs for dual participation with BIP is now a critical focus for CLECA.

Resource Adequacy (RA) for which they have paid. Unfortunately, this is as still an open question for the Demand Response Auction Mechanism (DRAM) Pilot. Thus, all improvements to the DRAM and pro forma contract should focus on being able to answer conclusively and affirmatively for the next DRAM: how much deliverable RA capacity is procured and is it dispatched when needed.

- Eliminate use of the average, or any, amount of capacity bid into the CAISO markets in compliance with the Must Offer Obligation for Demonstrated Capacity purposes. Demonstrated Capacity must be proven through actual market dispatches or an actual test event; for DRPs with multiple resources, consider a simultaneous test event, to mitigate the risk of improper customer shuffling and double counting among resources.
- Require inclusion of a minimum market dispatch requirement, perhaps with an indicative level identified in the bid. An SCE program has a 20 hour dispatch requirement, which might be a reasonable starting point.
- Develop and apply simplified Load Impact Protocols to DRAM, with an ex ante evaluation.
- Penalize non-performance by withholding the entire capacity payment when performance falls below 65% of contracted capacity (and it is not timely replaced) and possibly deeming the contract in default. Evaluate the use of a sliding scale to adjust the capacity payments.
- Require DRPs to bear the cost of replacement RA if the DRAM resource does not provide the contracted RA capacity in the supply plans; if the Load Serving Entity has paid for RA, it (and its ratepayers) are entitled to get the product paid for, or a replacement product.
- Address who bears the costs of RAIM penalties going forward, in close coordination with CAISO's RA Enhancements stakeholder process.
- Limit the market share of any DRP to a maximum amount of 20% and disallow contract re-assignments or limit re-assignments to under-represented DRPs.
- Require a non-refundable, per-bid fee to encourage serious bids with DRPs' best offers.
- Set a clear, mandatory schedule for invoices by sellers and delivery of meter data by all.
- Extend the DRAM to enable continuing reform as well as alignment with the next DR Budget Cycle (2023-2027), with: an auction with initial reforms in 2019 for deliveries in 2020; an auction in 2020 with additional reforms and the option of deliveries for 2021 and 2022, or just in 2021; and an auction in 2021 for deliveries in 2022. Subsequent DRAM auctions would be set in conjunction with the next DR Budget Cycle. Commit to a full evaluation of 2018 deliveries and the first half of 2019 deliveries to inform additional reforms for the 2020 auction.

- Rectify the anti-competitive impacts of screen-scraping by limiting bids for the residential set-aside (if retained) to those DRPs that did not engage in screen-scraping.

CLECA appreciates the opportunity to offer these high-level proposed improvements.

Respectfully submitted,

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By: 

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